

Message Text

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42/43

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20 NSC-07 L-03

H-03 PA-04 PRS-01 USIA-15 CIEP-02 OMB-01 PM-07 DRC-01

EUR-25 /135 W

----- 031607

R 060910Z JUL 74

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8210

INFO AMEMBASSY KABUL

AMEMBASSY BEIRUT

AMEMBASSY ISLAMABAD

AMCONSUL LAHORE

AMEMBASSY NEW DELHI

C O N F I D E N T I A L SECTION 1 OF 2 KARACHI 1417

C O R R E C T E D COPY (FOR REFERENCES)

E.O. 11652: GDS

TAGS: AF, PK, ETRN, PFOR

SUBJECT: RESTRICTIONS ON ARIANA SERVICE TO PAKISTAN

BEIRUT FOR RCAA

REF: A. KABUL 4125; B. ISLAMABAD 6358 (NOTAL); C. ISLAMABAD 6374

D. STATE 143639; E. ISLAMABAD 6396

1. ON INSTRUCTION CONTAINED REF B AND PRIOR ARRIVAL REF D I MADE LOW KEY CALL ON DIRECTOR GENERAL CIVIL AVIATION M.R. RIZVI, JULY 3, TO OBTAIN PAK VERSION OF RESTRICTION PLACED ON OPERATIONS ARIANA IN PAKISTAN. RIZVI, WITH WHOM I HAVE HAD MANY FRIENDLY CONTACTS IN THE PAST, WAS FRANK IN OUTLINING HIS TROUBLES WITH ARIANA.

2. BY WAY OF BACKGROUND, HE SAID THAT DURING THE RECENT
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PROLONGED NEGOTIATIONS BETWEEN BOAC AND PIA, PIA HAD

BEEN WHITTLED DOWN TO A 50/50 COMMERCIAL POOLING ARRANGEMENT WITH BOAC, WHICH HAD PUT THE SCREWS ON PIA ON PROFITS FROM THE IMPORTANT LONDON SEGMENT OF PIA'S ROUTE STRUCTURE. OUT OF SELF DEFENSE, THEREFORE, DGCA WAS TIGHTENING UP ON SIXTH FREEDOM OPERATIONS OF ALL FOREIGN CARRIERS FLYING THROUGH PAKISTAN. RECENT ACTION TAKEN AGAINST ARIANA OPERATIONS OF THIS NATURE IN AND OUT OF PAKISTAN WAS ONLY PART OF A GENERAL TIGHTENING ACTION WHICH WAS ALSO BEING TAKEN AGAINST A NUMBER OF MIDDLE EAST CARRIERS, WHOSE GOVERNMENTS, OF COURSE, WERE FAR MORE FRIENDLY TO PAKISTAN THAN THE PRESENT ONE IN AFGHANISTAN.

3. RIZVI EMPHASIZED THAT DGCA WAS IN NO WAY RESTRICTING ARIANA TO A TOTAL OF ONLY 40 PASSENGERS PER MONTH TO AND FROM PAKISTAN AS WOULD SEEM TO HAVE BEEN REPORTED RATHER TENDENTIOUSLY BY V.P. ARIANA PER REF A PAR 1. ARIANA HAS BEEN ACCORDED AND CAN INITIATE AT ANY TIME IT WISHES FLIGHT FREQUENCIES EQUAL TO THE THREE PRESENTLY FLOWN PER WEEK BY PIA ON THE KABUL-PESHAWAR ROUTE, WHICH PAKISTAN SEES AS THE NATURAL GATEWAY ROUTE BETWEEN THE TWO COUNTRIES. FURTHERMORE, DGCA CONTINUES TO ALLOW ARIANA UNLIMITED PASSENGERS THROUGH PAKISTAN FROM AFGHANISTAN AND ALSO UNLIMITED PASSENGER UPLIFT FROM LAHORE THROUGH PAKISTAN TO AMRITZAR AND DELHI. (ARIANA IS THE ONLY FOREIGN AIRLINE ALLOWED TO OPERATE THROUGH PAKISTAN TO TWO POINTS IN INDIA.) ARIANA'S FLIGHT FREQUENCIES HAVE NOT BEEN CUT AND NO RESTRICTION HAS BEEN PLACED ON ARIANA CARGO OPERATIONS FROM LAHORE, WHICH TOTALLED 8,000 KILOGRAMS LAST MONTH.

4. THE ONLY RESTRICTION WHICH HAS BEEN PLACED ON ARIANA, IN FACT, HAS BEEN A LIMITATION OF 20 PASSENGERS PER MONTH UPLIFTED AT LAHORE FOR KABUL AND 20 DISCHARGED AT LAHORE FROM KABUL. DGCA ACTION CAME AFTER INVESTIGATION SHOWED THAT SOME 98 PERCENT OF ALL PASSENGERS UPLIFTED AND DISCHARGED BY ARIANA AT LAHORE TO AND FROM KABUL WERE SIXTH FREEDOM CATEGORY, I.E. PAK CITS FLYING NOT TO KABUL AS FINAL DESTINATION, BUT PAKS FLYING THROUGH KABUL TO EUROPE TO TAKE ADVANTAGE OF ARIANA CUT RATES (81 STERLING TO LONDON ACCORDING TO PIA OFFICIAL INSTEAD OF USUAL 212 STERLING). SUCH DISCOUNTING BY ARIANA HAS BEEN SERIOUSLY CUTTING INTO PIA PASSENGER REVENUES ON EUROPEAN ROUTE AND, CONFIDENTIAL

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FOLLOWING HARD BARGAIN FORCED BY BOAC IN 50/50 COMMERCIAL POOLING ON LONDON-KARACHI ROUTE, DGCA/PIA CONCLUDED IT WAS IMPERATIVE TO PUT A STOP TO IT FOR PURELY COMMERCIAL CONSIDERATIONS AND IN ACCORDANCE WITH STANDARD AVIATION PRACTICES CARRIED ON OUTSIDE U.S. AS NOTED REF D PAR 2. (SHOULD BE NOTED IN THIS CONNECTION THAT REVENUES FROM THIRD AND FOURTH FREEDOM TRAFFIC BETWEEN PAKISTAN AND AFGHANISTAN ARE RELATIVELY MINOR AND NOT REALLY A POINT AT ISSUE.)

5. DGCA RIZVI POINTS OUT AFGHANIS WILL BE MUCH MORE HURT BY THEIR DECISION TO SUSPEND ALL FLIGHTS THROUGH LAHORE (WHICH NOW TOTAL THREE OR FOUR JET 727 OR 720B FLIGHTS PER WEEK) THAN WOULD SUSPENSION OF PIA'S THREE FOKKER FRIENDSHIP TURBOPROP FLIGHTS WEEKLY FROM RESAWAR TO KABUL AND RETURN. HE REGRETS THAT AFGHANS HAVE DECLINED TO NEGOTIATE, THUS FORCING DGCA INTO MAKING UNILATERAL RESTRICTION ON UPLIFT AND DISCHARGE AT LAHORE, AND HOPES THAT AT LEAST COMMERCIAL, IF NOT OTHER CONSIDERATIONS ON THEIR PART, WILL BRING ABOUT A REVIEW OF THEIR RECENT DECISION TO SUSPEND FLIGHTS.

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C O N F I D E N T I A L SECTION 2 OF 2 KARACHI 1417

BEIRUT FOR RCAA

6. KARACHI PRESS ON JULY 5 CONTAINED SOMEWHAT GARBLED VERSION OF ARIANA-PIA DISPUTE INDICATING THAT SOME CONFUSION EXISTS IN PRESS AS WELL AS ELSEWHERE CONCERNING AIR ROUTES AND OTHER FACTORS WHICH ARE AT ISSUE. ARTICLES DID CONTAIN, HOWEVER, THE CENTRAL FACT THAT ARJNA WAS ISSUING "TWO-COUPON" TICKETS AS LURE ENGLAND-BOUND

PAKISTANI ETHNIC TRAFFIC THROUGH KABUL FOR HALF THE NORMAL IATA FARE AND THUS EARNING RS. 30 MILLION PER YEAR ON TRAFFIC ORIGINATING OR TERMINATING IN PAKISTAN WHILE PIA WAS EARNING A MERE RS. 4.5 MILLION ON ROUTES TO AFGHANISTAN. PRESS ARTICLES STATED THAT "ON ITS PART, PIA IS MORE THAN KEEN TO PROMOTE AN UNDERSTANDING ON EQUAL TERMS. IT IS EVEN READY TO ALLOW THE ARIANA AFGHAN AIRLINE TO CONTINUE OPERATING TO THE TWO POINTS IN INDIA AND CONTINUE TO LIFT UNSPECIFIED TONNAGE OF CARGO FROM PAKISTAN. THIS IT IS READY TO DO DESPITE ITS OWN PLANS TO RESUME OPERATIONS TO INDIA. PIA IS ALSO WILLING TO ENTER INTO POOL AGREEMENT WITH

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THE AFGHAN CARRIER FOR OPERATIONS UP TO PESHAWAR."

7. COMMENT: FROM ABOVE APPEARS CLEAR THAT PAK POSITION ON PASSENGER LIMITATION TO AND FROM LAHORE NOT WITHOUT JUSTIFICATION AND THAT PAKS READY TO NEGOTIATE WITH AFGHANS SHOULD LATTER SO DESIRE. AGREE WITH JUDGMENT EMBASSY ISLAMABAD (CONTAINED REF E PAR 2) THAT UNDER CIRCUMSTANCES REPRESENTATION BY USG WOULD BE INAPPROPRIATE. NO INDICATION FROM DGCA HERE THAT IT CONTEMPLATES SEEKING ANY U.S. ASSISTANCE AT ALL IN WHAT IS PURELY, AS DEPT NOTES IN REF D PARA 3, A TECHNICAL AND BILATERAL ISSUE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PASSENGER TRANSPORTATION, TRAVEL CONTROLS, PASSENGER FARES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KARACH01417
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740180-0211
From: KARACHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740771/aaaacijt.tel
Line Count: 198
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. KABUL 4125; B. ISLAMABAD 6358 (NO, TAL); C. ISLAMABAD 6374
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 25 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 JUN 2002 by boyleja>; APPROVED <21 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RESTRICTIONS ON ARIANA SERVICE TO PAKISTAN BEIRUT FOR RCAA
TAGS: ETRN, PFOR, AF, PK, ARIANA, PIA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005